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Gray, J. C.

Co-operative production

Manchester

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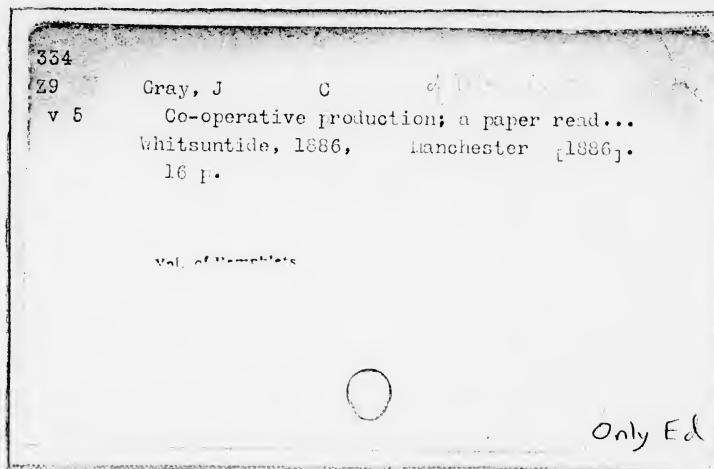
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CO-OPERATIVE PRODUCTION.

A PAPER

READ BY MR. J. C. GRAY, OF MANCHESTER,

AT THE

Congress held at Plymouth, Whitsunside, 1886.

ISSUED BY
THE CENTRAL CO-OPERATIVE BOARD, CITY BUILDINGS, CORPORATION
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CO-OPERATIVE PRODUCTION.

A Paper by Mr. J. C. Gray, read at Plymouth Congress.

"Adjust the Balances."

INTRODUCTION.

So much has been said and written on this well-worn subject that some may be inclined to ask, What new phase can be given to the question of production in connection with co-operation? And yet it would appear there is something still to be said that is as yet unsaid, or it would not be placed as one of the foremost subjects for discussion at this Congress. We will take it for granted the question now before us is of the greatest importance, or it would not have been considered necessary to offer any special inducement for the bringing out of the best ideas upon the subject. We will presume, also, that the last Congress, in directing prizes to be offered for the best papers on co-operative production, wished to show its determination to arrive at some *practical result* as the outcome of any papers submitted to the present Congress. We will, therefore, endeavour to give a practical bearing to any remarks that may be in this paper.

PRODUCTION GENERALLY.

Production is the very life of a community, and is necessary to the wellbeing of every man, woman, and child in the nation; and it has but to be considered relatively to distribution, for us to see the magnitude of the work which lies before us ere we reap to the full the advantages which the application of the co-operative idea may confer upon the country at large. It is too late in the day to disparage what has been done by way of co-operative distribution; but, after all, it is only an economic plan of spending what money we obtain through our labours in production. We have to look to production, in the first instance, for the things needful to our maintenance, and if this source fails us we are at a deadlock. The act of producing is requisite for the welfare of all classes. The capitalist who lives upon the earnings of his money capital, and the worker who has to look to the strength of his arm or the activity of his brain for the supply of his daily wants, are both dependent upon the active employment of these resources of theirs for their existence. Thus we have mills and workshops of all kinds, built and fitted up by the money capital of the one class, finding employment for the capital of brain and muscle of the latter class, in this way providing, by the exchange of commodities, subsistence for all.

UNEQUAL BALANCE IN DIVISION OF RESULTS.

Seeing, then, that production is a necessity, and more especially so to that large class of people which can only exist through the disposal of

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its capacity for work, we have to consider whether the present conditions surrounding the work of production are in perfect harmony with the principles of equity and justice, and if not, by a system of co-operative production, to seek to regulate and adjust these conditions to lines more nearly approaching such principles.

The sub-title of this paper implies that, at present, in weighing up the results of production much inequality exists; or, in other words, that the reward allotted as the portion of the worker is much outweighed by the greater proportion allotted to the capitalist, and that the balance between the two requires adjustment. As "working-men co-operators" seeking to elevate our class by means of self-help, we can plainly see that, in the solution of this problem of a more equitable division of the results of the labour expended in production, lies our greatest hope of eventual redemption from service to the capitalist. We have successfully attacked and solved the problem of distribution; and by it we now have the means of putting into practice our views on production. But while we seek to reverse the former order of things, and make inanimate capital the servant of the human labourer, we shall, as co-operators, endeavour to exercise our powers in a spirit of justice, so long as much of the capital and labour is not in the same hands. Representing as we do the wealth and trade of the working classes to such a large extent, we have all the elements necessary to ensure success, and it will be patent to every one that we are able to accomplish much towards the adjustment of the balances, if we are but entirely united and in earnest.

LACK OF UNITY IN PRESENT ATTEMPTS AT ADJUSTMENT.

But, powerful as we can be in this direction, we have hitherto failed in making any great headway, owing entirely to the fact that our opinions vary so much. When we ask "What is meant by 'co-operative production?'" it much depends to whom the question is put as to what the reply will be. In running over the list of what are called productive societies, we find classed together societies whose constitutions are as dissimilar as it is possible to be. We have—

1. Societies working on a system similar to the joint-stock companies, being owned by society and individual capitalists, and dividing all the profits on capital.
2. Societies on the federal principle, carried on by societies as collective capitalists, and dividing all profits between capital and purchasers.
3. Societies, such as corn mills, &c., working under a mixed proprietorship of societies and individuals, paying a fixed interest to capital, and dividing all profits amongst their customers.
4. Societies having a mixed proprietorship of societies, individuals, and workers, dividing profits between capital, purchase, and labour.
5. Societies carried on by workers only, sometimes with borrowed capital, paying a fixed interest on the capital, and dividing the remainder of the profits on labour only.

REVIEW OF PRESENT FORMS.

There may possibly be other forms which I have not mentioned, but those enumerated above are surely sufficient to show how divided we are on this question. It seems hopeless, then, to look for any large success so long as our modes of procedure differ so widely. It seems to me we must go a great deal on the "give-and-take" principle to approach anywhere near unanimity. It will not do to split into factions and say one is all wrong and the other all right, but let us try to take the best from each to make one complete whole.

Leaving out the class first named, viz., those modelled on the plan of joint-stock companies, I believe we may find much that is good in each of the other forms noticed. Joint-stockism, so far as I can see, cannot be classed as a real attempt at the solution of the productive problem. It certainly fails to conciliate the conflicting elements in production, as witness strikes of somewhat recent occurrence. It cannot act as an elevator of the worker, because it pays no greater wage than an ordinary employer, and therefore gives him nothing to invest in the concern beyond the small amount he may scrape out of his weekly earnings. Joint-stockism is simply a co-operation of money bags, and leaves the balances between capital and labour exactly as under the old system, with this exception, that increased scope is allowed to a greater number of small capitalists.

But surely our aim extends to something nobler than this. Co-operative production, in its true sense, aims at the elevation of the workers as a body, and this can only be accomplished by a better and more equitable division of the results of labour, and by substituting for the present competitive wage system the principle of common interest in both work and profits.

THE RELATIVE VALUE OF LABOUR AND CAPITAL IN PRODUCTION.

In formulating a scheme of co-operative production that shall supplant the old system of inequality, we shall have to consider the relative value and importance of the labourer and the capitalist in the work of production, and the places they ought respectively to occupy. Of the factors required in production, labour, in my opinion, holds the position of first importance, inasmuch as it pertains to time present, and on its proper use depends the happiness or misery of the present generation, while hoarded up capital belongs to a generation of past labour, which has, in its day, been already rewarded for its share in the work of production.

It is impossible to deny that there is much more value in a man's labour than, under the present system, he can ever obtain for it. The capitalist invests his funds in raw material, and gives it into the hands of the worker for him to manipulate and turn out as a complete article. The difference between the raw and the finished value of the article is the amount which has been put into it by labour (allowing of course for the interest of capital invested in any plant and employed in the manufacture), and yet we all know the workman does not get anything like the amount represented by this difference; he gets only wages, and these wages are regulated according

to the condition and quantity of the labour market; and, as a consequence, the greater the number of people who are willing to work, the smaller is the amount obtainable as wages.

If labour was paid by results, the amount of these subsidiary wages would not so much matter, as the thing would right itself when the time for balancing the accounts arrived; but so long as the entire control of profits is in the hands of the capitalist, it becomes a question of supreme moment as to the amount that shall be paid to the worker as wages. But we may ask, "How can the labourers as a body be elevated by the present wage system? What man ever became rich entirely by the results of his own labour? On the other hand, how many have become wealthy by employing the labour of others, and appropriating all the results?" Take, for instance, the industry of cotton weaving. Did ever a cotton weaver become rich by his own work and the savings from his weekly wages? I judge not. Yet how many cases could we point out where weavers, striking out from the rest of their fellows, have started business with borrowed capital, have hired other weavers to work for them, and out of the labour of these men they have, by degrees, not only paid back all their borrowed capital, but obtained wealth for themselves. Cases like these we know, and they plainly show us wherein lies the moving force of production.

In almost every case we may say that wealth gained by any one man from production is the result of labour by others, which has been inadequately rewarded; and it is simply through the want of energy and combination that the labourers do not set about making this wealth for themselves. As the amount of wages paid to the working men of this country gravitates nearer and nearer to the lowest limit that will suffice to procure the bare necessities of life, as is the case at present in nearly all trades, it is quite evident that this system of hiring men and paying by wages only cannot possibly be continued, unless we are content to perpetuate a legalised form of slavery; for, at any rate, even slaves were always fed, housed, and clothed, and that is more than we can say in regard to the condition of some working men of the present day.

THE PRIMARY IMPORTANCE OF LABOUR AND ITS ELEVATION.

If labour holds the prominent position in the act of production which we claim it does, by all means let us concede it the place of highest value, and allow it the right of hiring and paying wages to capital for the purpose of carrying on production for its own benefit, and so raise men, by the results of their own industry, from a state of drudgery to a position of social happiness hitherto unattained. To attain this object is the highest mission of co-operation, and the method of dealing with it is of vital importance. Here is the real work for true co-operation, all other steps being but initiatory and leading thereto. Let us consider with the utmost care our approach to a solution of the question, remembering that not only the co-operators of this country, but also the earnest social reformers of other countries, are awaiting with interest our forward steps in this direction. Already there are powerful indications that this productive movement is awakening a very lively interest in other nations; and we shall have

to bestir ourselves if we mean to maintain the lead in production as we do in distribution.

HOW BEST TO ATTAIN OUR OBJECT.

Having dealt with the relative importance and value of factors of production, we shall now have to consider how best to effect the attainment of our aims, and for this purpose we make the following suggestions:—

1. That all production shall be carried on with a view to the elevation of the worker.

2. That productive associations be formed wherever and in whatever trade there is a desire on the part of the working men to employ themselves, conditionally on there being a fair prospect of success.

3. That these various associations should be federated together by some common bond of union, for the purpose of mutual guidance and direction, and also to prevent those of a like character competing with each other to their mutual detriment.

4. That the moneyed interests in these associations shall be limited to two kinds, and that only a just wage shall be paid to capital.

5. That the profits be equitably divided, according to the share which each separate factor has had in making them.

1. *Elevation of the Worker.*—If this first point is granted, then all the others will be quite clear to work upon. I contend that all production should be entered upon, not so much to employ any spare capital as to create an *investment for labour*, and so to employ and reward to the utmost all who are willing and able to work. There is a very great danger, now that co-operators have become capitalists to a certain degree, that they may forget and depart from their first principles, and seek to exercise their capital as a power over others, rather than use it as a stepping-stone to the emancipation of their class. As co-operators, in a collective capacity, we have an enormous amount of spare capital, capital which has been gained by economy in distribution. By all means let us use it for its rightful purpose in promoting co-operative production, but let us, above all, take care that the glamour which surrounds the very name of capital does not tempt us to forget our fundamental principles and become *co-operative capitalists* instead of *co-operative producers*.

2. *Formation of Societies.*—Wherever is found a real longing after self-employment and social elevation, every effort should be made to foster and encourage these desires, and aid in putting these aspirations into effect. It may be that in some trades the present time might not be opportune for commencing a new idea, but there is no doubt that there are numerous trades, still untouched by co-operation, that could be worked profitably to all concerned. In such trades the workers ought to be encouraged to associate themselves together for self-employment. For instance, in addition to all the industries which are at present carried on co-operatively, there is plenty of scope for such as joiners and builders, saddlers and harness makers, cabinet

makers, machine makers, button and thread manufacturers, coach builders, &c., &c., all of which trades could be worked successfully on co-operative lines.

3. *Federation*.—I believe that co-operative production, if it is to be perfectly successful, must have some common starting point, which shall, at the same time, act as an axle around which all shall revolve and be kept in unity of purpose and action. There should be some centre which would act as the mainspring in the promoting and sustaining of co-operative production, which should also be the guide of the producer, and the medium of distribution for the produce. By means of this centre, the interests of the capitalist and the purchaser should blend harmoniously with the interests of the worker, the competition of societies with each other would be avoided, and only such goods would be manufactured as might reasonably be expected to find a ready sale. This federative centre would have legislative power in every productive society (as hereafter explained), and would at all times be able to advise each for the common good. Every society established for productive purposes, if desirous of co-operative support, should be in union with this federation, and each different kind of industry should be carried on as a separate association, but all joined together by the centre as by an axle.

As to what this centre should be we have not far to seek. It is provided ready to our hands in our Wholesale Societies. These societies are at the present moment the great centres of co-operative capital and trade, and it is their legitimate position to become the fountain heads of true co-operative production on the lines now laid down. My object in this course would be two-fold—(1) to concentrate all the spare capital of the distributive societies in these great centres, to be used in production; (2) to gather the whole co-operative trade into one channel, and thus find a ready market for goods co-operatively manufactured. I should suggest that, in connection with these centres, there should be elected annually a committee whose duties should be devoted entirely to the promotion of co-operative production, and that they should have a fixed sum allotted to them at the time of their appointment, for investment in, and prosecution of, the work.

4. *Capital—how to be raised*.—I have said that the moneyed interests should be limited to two, i.e., the capital of the worker and the consumer. If the plan mentioned under the previous heading was adopted, the capital of the consumers would be concentrated in the centre and allotted out to the various productive associations as needed. By so doing, all distributive societies which invested their money through the wholesale centre would have an interest in each productive society, while, supposing any loss occurred, the risk would be so widely spread that it would be scarcely felt. The capital of each productive association should be provided entirely by these two elements—work and trade—in proportion to the ability or inability of the workers to find sufficient for its needs, with a proviso that the federative centre should always hold at least one-fourth of the entire capital, and be represented on the management committee in proportion to the extent of its holding. Having at least one-fourth of

the management, the centre would always be able to give weighty advice and guidance to the society in any matter of expediency, while the workers would always be safe-guarded in any matter of principle by having their three-fourths, supposing they held that amount of capital. By having only these two elements—the centre and the workers—much friction might be avoided. No outside interest would be able to interfere. The centre, as representing the consumer, would expect a good article at a fair price, and the worker, in return for these, would expect a ready and safe market for his goods.

5. *Division of Profits*.—We now come to a most important part of the subject. We commenced by saying that this should be a scheme for the elevation of the worker, and, with this end in view, we proposed that the usual condition of things should be reversed, and that the worker should hire the capital, and not capital hire the worker. In pursuance of this object, we now say that capital should be paid a just wage, which, for the sake of argument, we may put down at 5 per cent. The payment of this wage to capital shall be a first charge upon any profits of the society, and, in order to be better able at all times to meet this indebtedness, there should be a reasonable portion of the profits devoted to a reserve fund, to be used for this and other contingencies. After providing for any other charges, such as depreciation, &c., the whole of the remaining profits shall be divided between the various factors which have helped to make them, namely, labour, capital, and trade.

We have provided that capital should have its market wages, called interest. Labour has already had its market wages in the shape of weekly subsidies; and the customer has had the full market value in the goods which have been supplied to him. Each of these factors has had a share, more or less, in the creation of any profits that accrue from production. Not one of the three can be dispensed with. Capital is useless without the aid of labour to employ it; labour itself is crippled unless it has the aid of capital by which to expand and use its energies to the best advantage; while the efforts of both capital and labour would be of no avail if there were no consumers to take the produce.

The proportion of the profits allotted to each separate factor should be determined by the value that each bears to the other in every particular trade or manufacture. For instance, suppose a society is able to carry on a business with comparatively a small amount of money, and that, although a rapid turnover may give them large sales, the value of the labour put into the article is but moderate, then the proportionate value of the consumer's share in the results would be large. Or, on the other hand, imagine a society which, to produce a given quantity of goods, requires a large amount of elaborate and costly machinery, with but a minimum amount of labour; in such a case the capitalist and the consumer would contribute most largely to the results, and the labourer less in proportion. But take a case where the cost of the raw material is very small, and where almost the entire difference between the prime cost and the selling price is made up of the labour expended in the manufacture,

then the proportion of the labourer's share in the results would be greatest. It seems, then, that the only just and equitable mode of dividing profits is "the rule of proportion;" and only by this means can we meet some of the objections that are raised against the inequalities of some of the present methods of division.

As an example of what I mean by this "rule of proportion," I will give you a specimen of its working: A society pays £850 per year to capital, being interest at the rate of 5 per cent; it also pays £6,000 as wages to its workers, which amount we must take as the interest on the labour employed. The society does a trade, say, of £20,000 per annum, and the net profits, after paying the wages of capital and labour, are, say, £750. By this rule of proportion we obtain the following figures:—

Value of money capital	£17,000
" labour "	120,000
" trade "	20,000

Which gives a total of £157,000

having an interest in the profits which have been obtained (£750). If we divide this £750 into 157,000 parts, it gives the following result, namely, to capital, £82; labour, £573; and trade, £95. The result shows that in this society labour is the predominant part, and that the amount of labour expended is much in excess of all the other elements. I have not the requisite data on which to found any calculation in respect to flour societies, and such other societies where the capital and trade are so much in excess of the amount paid for labour, but I believe this rule will apply with equal justice all round. *The amount of profits allotted to the workers should in all cases be accumulated as shares in the society until three-fourths of the capital is held by them, after which any profit accruing to them may be paid out as it becomes due.*

Such is the outline of a scheme which would, if applied, go far towards conciliating the conflicting elements of production and aid in converging, upon some common lines, our various methods of action. It would, in my view, act as a kind of *sliding scale* in every branch of manufacture, and, while giving to each part its due proportion of results, would not seek to enrich any one of them at the expense of the others.

In conclusion, let us look, just for a moment, at the question from the point of view of our moral responsibility. The labour question in this and other countries is evidently approaching a crisis of unwonted severity. The distress amongst the working and lower classes is something appalling, and demands the earnest attention of all those who have the welfare of the country at heart. For years we have been accustomed to regard the condition of the agricultural labourers as much to be deplored; but when we hear of the miserable remuneration that is to be obtained in some branches of industry, we are impelled to admit that there are still lower grades of misery. Is there not something rotten in a system of production which often denies, to the majority of those engaged in it, the bare means of subsistence,

and condemns them to a life of serfdom with scarce a ray of hope for their eventual emancipation? We hear on all sides of stagnation of trade and reductions in wages; we see large masses of the starving unemployed clamouring for the opportunity to work; and in the midst of all this chaos, our present social system seems paralysed. What is to be the end of this state of despair? The crisis is surely hastening, and will culminate either in a *complete revolution* and upheaval of our present social fabric, or in a *reorganisation of the forces of production*. To have thousands upon thousands starving while there is unlimited wealth in the country is a bitter censure on our boasted civilisation. Can we, as co-operators 700,000 strong (with an immense power for good if we only care to use it), look idly on while these forces are struggling? For the sake of all that is good and noble within us, let us put off our lethargy, and, with might and main, throw our whole strength into the fray. We have the power to reorganise the forces of production, for in ourselves we embrace all its varied elements. We may begin by setting our own house in order, unite all our ranks together, and face the work with a united effort. Having the power, it becomes our duty to do this. Let us see to it that we do not shirk this duty.



CO-OPERATIVE PRODUCTION.

A Paper by Mr. J. C. Gray, read at a Conference at Derby, on Saturday, October 23rd, 1886.

There are three points arising out of my former paper on this subject, to which I ask your special attention.

The first and most pressing which we have before us is as to the *mode* in which co-operative production should be carried on; in other words, what is the object of co-operative production? Is it to elevate the worker by means of his work, or is it simply to take over the profit of production from the capitalist producers of the present day, and give it to the consumers?

We must realise that these are two distinct objects, and the question as to *which* of these objects we aim at must be definitely answered before we can have a sure groundwork for success.

I believe I am right in saying that the *elevation of the worker* by means of self-employment, and consequent inter-division of profits, was one of the earliest conceptions of the co-operative movement. The principle has been repeatedly re-affirmed by later generations, and still stands as one of the professed "articles of faith" of the Co-operative Union, and it is but within the last score of years that the idea of producing for the benefit of the consumer only has cropped up.

Working men set out with the idea of emancipating themselves from the controlling power of the employing capitalist by saving their profits derived from distribution so as to obtain capital for themselves, and become their own employers in their own workshops and factories. They succeed in amassing this capital from the proceeds of distribution, perhaps far beyond their expectations; then, instead of employing themselves, they mass this capital together, and use it in employing other workmen to work for them on exactly the same terms as they would for private employers, taking all the profits that can be severed out of those workmen into a common fund to be paid away to such customers as choose to patronise them. How comes this degeneracy, and where do we find the elevating principle in this method? We talk of the chasm that exists between capital and labour, and we say that co-operative production is the force that will bring the two elements together, but I cannot see in what way the consumers' method will prove to be the bridge that will join them. Experience is constantly showing the contrary. The relation between co-operative capitalist employers and hired workpeople is in no wise different to the system of private employment—disputes arise, and good feeling is often strained to the utmost, resulting even in some cases in that calamity known as a strike. Under the system of working men employing themselves this state of things could not exist, because here the two elements are joined, and have one object in common. We have then to ask seriously—Do we seek to elevate the worker? or to benefit only the consumer? If we still adhere to this elevation of the worker as one of our fundamental principles, we can easily have ocular demonstration as to the way in which we ought to go.

The second point of importance is the *association of the worker*. If we concede the first point—that of his elevation—there will be little difficulty in showing that that can best be achieved by associating the workers together with a view to increase their interest in their work, and convert them into self-employers. Everything points to the success of this method over the one first mentioned. By this we get increased interest and love for his work on the part of the workman; we get the cordial agreement between capital and labour which we have so long aimed at; and we elevate the worker into a working capitalist by means of the profits which are divided fairly between the various factors which make them. Ponder well the two roads, and see in which of them lies the best hope for the permanent elevation of the worker, and for the cessation of the antagonistic spirit now existing between capital and labour. By the one the worker is safely and securely lifted into a position of comparative comfort, and ceases to have any cause of dispute with his old master—capital. By the other we have the whole profits of co-operative production frittered away in dribbles infinitesimally small to a large number of people who have never by any act of theirs helped to make those profits, and so squandered in their division as to benefit none to any appreciable extent.

The third point is that of *federation*, and it is one on which I am afraid my paper has been misunderstood. By federation I do not by any means infer centralisation. It is quite possible to have federal unity with individual liberty. We have a good instance of this in the United States of America, where each State has its own self-government so far as local affairs are concerned, whilst its connection with the Federal Union gives strength and guidance to each and all in all matters of general importance. The necessity for such a federal union will, as co-operative production grows in strength, be more and more felt. Already there are indications, in more places than one, of a growth of that spirit of competition which it is the aim of co-operation to displace. This spirit would be checked by a federal centre to which all the individual societies were united.

In the Wholesale Society we have everything required for the constitution of this centre, viz., the confidence it has already created; the capital available for use; and the market for goods produced. Having these requisites, why should we seek to set up another centre for our purpose if we can only set our present machinery to work on right lines? Of course I admit at once that if the Wholesale Society is to act as the federative centre of productive societies established for the elevation of the worker as a worker, the system at present pursued by its management must be entirely reversed, but I maintain at the same time, that instead of diminishing the strength or importance of the Wholesale Society, it would be materially increased by the method I propose—instead of being the capitalist proprietor of a few productive works, it would be the real fountain-head of all true co-operative production in the country. It would have its share in the government of every productive society, and act as their guide and be their strength. But some people say this means centralisation. I will try to show that it does not.

Let us remember, in the first instance, that the Wholesale is a

constituency composed of every society in the kingdom that may choose to join its ranks. It is not the thirty or forty gentlemen of whom the committee is composed—though many think, as soon as the Wholesale is mentioned, that it is these thirty or forty gentlemen who must do everything, and that it must be done from Manchester. I entirely differ from this manner of thinking; for to burden these gentlemen with the management of the entire system of co-operative production would be centralisation with a vengeance. On the plan I propose, each productive workshop would have a separate existence in name, and would be independent in action so far as it did not clash or compete with others, and manufactured articles for which a ready sale could be found. These independent societies would each have a link with the centre by means of the representatives appointed from that centre to sit on its committee of management. In my former paper I suggested that there should be elected annually by the constituency of the Wholesale Society a committee whose duties should be devoted entirely to the promotion of co-operative production, and that they should have a fixed sum allotted to them at the time of their appointment for investment in, and prosecution of the work. Let us suppose that this course is taken, and say five gentlemen appointed from the delegates attending the next quarterly meeting of the Wholesale Society, with a sum of say £10,000 allotted to them for productive work.

We will then suppose that they take up a certain industry which will employ £5,000 of this capital, and suppose this industry was established at Derby, being registered as the Derby Manufacturing Society. If the capital, in the first instance, was all provided by the Wholesale Society, the control and management would be vested in it for the time being, until the workmen's savings and share of the profits entitled them to have a representative or representatives on the committee of management. Or try another case, which must also rest on supposition, as I have no figures by me on which to work. The Leicester Hosiery Society say has a capital of £6,000. It could do very well with £2,000 more. The Wholesale productive committee advances this £2,000, and would have one-fourth of the representatives on the committee. Or another case. Supposing the Burnley Cotton Manufacturing Society required £5,000 capital to start, and the workers could only raise £2,500, the Wholesale Society would invest £2,500, and have one-half of the representation on the committee.

But how would these representatives be appointed—by or from this productive committee? No. I think it would be found that this committee would have quite enough work in the initiation of these societies, and seeing that if this system worked there are already nearly fifty societies in which the Wholesale would have a guiding share, it would not do to confine the representation to one or two sets of men. According to my idea, the productive committee would report to each quarterly meeting of the Wholesale Society on the result of their quarter's work. They would say—"We have set on foot a productive society at Derby, in which, at present, all the management is vested in the Wholesale. We have also taken shares to the extent of one-fourth of the total share capital of the Leicester Hosiery Society; and

we have taken half the share capital in the Burnley Cotton Manufacturing Society. We ask you now to appoint from you constituency the requisite number of gentlemen to represent you in the management of these concerns."

Suppose we fix eight as the number of the committee in each case, there would be eight to elect for Derby, two for Leicester, and four for Burnley. As Derby, Leicester, and Burnley, and many societies in their immediate vicinity, are all members of the Wholesale Society, and, perhaps, have as much interest in its welfare as any other society in its constituency, it is quite patent that the common-sense plan of utilising this representation would be for the quarterly meetings to elect eight gentlemen from societies surrounding Derby, two from societies in the immediate vicinity of Leicester, and four from societies in the locality of Burnley. These gentlemen would bring to bear local knowledge as to the requirements and special circumstances of the various trades—they would be always near of access, and could keep a watchful eye on the interests of the society. A better plan, perhaps, would be to have these representatives elected by voting papers on the same principle as the present committee are elected.

The next step would be to gradually work all present existing productive societies into this system. Hebden Bridge, Paisley, Airedale, Coventry, Printing Society, Leek, the Flour Mills, &c., would all have to take in the Wholesale Society as part proprietor to the extent of at least one-fourth of their share capital, and buy out all other shares except those held by the workers. The Wholesale representatives to these societies would be appointed as before mentioned.

On the other hand, the Wholesale would have to separate all its present productive works and have them registered as independent societies, would allot to them the necessary capital required for working them, except so far as the workers were able to invest, and appoint their representatives in proportion to their holdings. I fail to see how this plan can be called centralisation beyond what is really required for that unity from which we derive strength.

By this plan we should have a strong band of productive societies gathering strength and guidance from that common centre to which they would be all united. The unhealthy competition of societies with each other would be avoided, and a new and better era would be opened for co-operative production.

I have not in my remarks to-day mentioned the division of profits, as that question is dealt with somewhat fully in my previous paper; but, of course, all that has been said in reference to the three points mentioned is intended to be in direct relation to the plan of division therein suggested. This plan of division of profits has not, so far as I am aware, been discussed at any conference. Possibly it is too large a subject to go into to-day, but I should like at some future time to have the scheme fairly sifted to see whether it will bear the test of practical utility.

**END OF
TITLE**